

MONTHLY SECTOR UPDATE

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POWER SECTOR

“Solar energy is going to be a major medium of energy, not only today but in the 21st century, because Solar energy is sure, pure and is secure.”

- Shri Narendra Modi

1

*Renewable Energy
capacity of India*

2

*News and
Announcements*

3

Key Players updates

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Power Sector Reforms, 2020

Being the world's second-largest coal consumer after China, and the third-largest emitter of greenhouse gases, India has been planning and strategizing to switch coal-fired power plants with renewable and clean generating capacity. The Central Government aims to ensure 40% of its energy requirement from non-fossil fuel sources by the year 2030 and is targeting for 175 GW of renewable-based power capacity by 2022.

According to the International Renewable Energy Agency (IRENA), India's renewable energy sector provides 8.24 lakh jobs. The Government's emphasis on formulating all measures to become self-reliant and to revive India's sagging economy by promoting its initiatives like 'Make in India', paves the way for opportunities to manufacture various renewable energy equipment through efficient PPP enterprises as well. Moreover, with the Government's constant push to boost the growth of the Indian manufacturing sector in renewable energy, by offering incentives for local renewable infrastructure manufacturing and by giving benefits to companies that are setting up hubs for local manufacturing of advanced technology in the field of clean energy, energy autonomy for India is a goal not so far-fetched.

In the most recent India PV EDGE 2020 webinar, as Ministry of New and Renewable Energy officials have declared that there shall be discounts on interest to wafer and cell manufacturers on capital expenditure and working capital necessities. To further reduce Chinese imports and encourage manufacturing of all equipment-big and small along with an improvement in operations and

maintenance to increase every project's efficiency and to reduce costs, there must also be a constant collaboration between independent power producers and the Government. Manufacturers through timely and structured government interventions seek to receive interest subvention on loans taken for technological improvement of their plants as well, along with various other incentives to encourage a healthy playing field in the sector. India is on the fast track to expanding its renewable energy generation capacity. It is sure to go a long way in defining the possibility of development across sectors but in harmony with nature.

By ensuring energy security and paving the way for a sustainable green stimulus that accelerates investments into renewable energy infrastructure and equipment manufacturing can most definitely facilitate India to emerge from the current economic slump.

Nilaya Varma

Co-Founder & CEO

Primus Partners

Source:

1. India PV Edge 2020, Niti Aayog

News & Announcements

1. Electricity (Rights of Consumers) Rules, 2020

A draft of Electricity (Rights of Consumers) Rules, 2020 has been prepared for the first time by the Central Government, and it has been put out in the public domain inviting suggestions and comments by consumers at large and all other stakeholders in the sector.

Key features of the rules include –

- Ensuring reliability of service, wherein SERCs will fix the average number and duration of outages per consumer per year for all DISCOMs.
- A timely and simplified procedure has been laid down for connection.
- To provide new connections and modify existing connections; the duration has been majorly decreased for the convenience of the consumers. 2 to 5% rebate on serving bills with a delay of sixty days, or more has also been introduced.
- Option to pay bills in cash, cheque, debit cards, net banking etc. exists but bills of Rs. 1,000 or more are to be paid online.
- Provisions related to disconnection, reconnection, meter replacement, billing, payment, etc. have been simplified.
- Recognition to the emerging category of consumers known as "Prosumers".
- Compensation and penalties for delay in service by DISCOMs; compensation to be automatic as possible, to be passed in the bill.
- Availability of a 24x7 toll-free call centre, web-based and mobile applications for all common services.
- Consumer Grievance Redressal Forums with 2-3 representatives of consumers at various levels starting from Sub-division for ease of consumer grievance redressal will be established as well.

2. Government initiates deliberations on bringing power sector under GST

The Ministry of Power, Government of India, has begun deliberations on bringing Electricity under Goods and Services Tax (GST), expecting this move to reduce per unit cost of power to generation, distribution and transmission companies by 17 paise per unit. NTPC and the Central Electricity Authority (CEA) are studying to report the benefits and challenges of the idea for the Ministry. At present, power companies pay multiple taxes on capital goods and other inputs such as excise duty, customs duty, education cess, water cess, local area development tax, entry tax and stamp duty, besides state electricity duty. This reform is expected to ease the process.

3. Power Ministry to focus on shifting households to electric cooking

The Central Government is turning its focus on making the switch to electric cooking on a considerable scale, across the country.

"Electricity is the future of India, and most of its infrastructure will be powered by Electricity including cooking completely on Electricity, giving low-income strata of society a cheaper medium of cooking." - Power Minister R K Singh.

The proponents and supporters of the idea are confident that the switch will boost domestic manufacturing as well.

4. First World Solar Technology Summit, ISA

World Solar Technology Summit (WSTS) organized on September 8, 2020, aimed to bring together key stakeholders such as academic scientists, researchers and innovators and technology developers, to deliberate on the recent highlights of solar technologies, cost-wise; technology-wise, technology transfers, challenges and concerns in the field. The summit witnessed the Hon'ble Prime Minister of India and the Minister of Power's comments and addresses.

Key Players Updates

- The Central Government may soon start providing direct benefit transfer (DBT) in the power sector, wherein it would make payment of subsidy into the accounts of consumers maintained by Discoms and not directly into their bank accounts. The amendments to the Electricity Act, 2003, under the Electricity Amendment Bill, 2020, have adapted the DBT structure with states subsidizing tariff for certain identified consumers. The subsidy amount would be transferred in advance into the electricity accounts of consumers maintained by Discoms.
- The Cabinet Committee on Economic Affairs, chaired by the Hon'ble Prime Minister, approved monetization of assets of POWERGRID through Infrastructure Investment Trust (InvIT) model. For the very first time in India, any PSU in the Power Sector will undertake asset recycling by monetizing its assets through the InvIT model and will use the proceeds to fund the new and under-construction capital projects.
- Private power companies have written to the Power ministry at the center, asking for changes in the tender rules so that they can get access to domestic coal supply and claim compensation for the change in law situation in future. The companies seek to become signatories to the power purchase agreement as the tender documents in present form allow agreement between only renewable power developers and the Solar Energy Corp of India (SECI), which has floated the tender.
- NTPC Ltd. has invited Expression of Interest (Eoi) from Energy Intensive Industries for setting up manufacturing units within its own plant premises. EOIs have been invited from MSMEs and Indian Companies for setting up energy-intensive manufacturing plants such as Bulk Chemicals - Ammonia, Gypsum and Gypsum products, Geopolymer, Cooling & Heating Solutions, Urea, ChlorAlkali, Aluminium, mineral processing (ceramics, tiles, pottery, brick, glass etc.), metallurgical and metal industries (foundries, forging, alloys, heat treatment, steel rerolling, etc.) in the Industrial parks to be developed on a pilot basis in the NTPC Thermal Power plants at Solapur (Maharashtra), Kudgi (Karnataka) and Gadarwara (Madhya Pradesh).
- A task force has been established to set up power equipment manufacturing zones in India, and the central government is keeping a strict watch on imports with a focus to enhance local manufacturing and decrease dependence on imports for power equipment. "Our sector is very vulnerable to cyber-attacks. We have connected the whole country into one grid...you bring down one part, and rest will collapse. Therefore we need to check all imports. (In fact) we are checking if some device is inserted in the imported item." -The Minister for power, new and renewable energy while speaking at Indian Electrical and Electronics Manufacturers Association (IEEMA) Annual Convention 2020.

About Primus Partners

Primus Partners has been set up to partner with clients in 'navigating' India, by experts with decades of experience in doing so for large global firms. Set up on the principle of 'Idea Realization', it brings to bear 'experience in action'.

'Idea Realization'— a unique approach to examine futuristic ideas required for the growth of an organization or a sector or geography, from the perspective of assured on ground implementability.

India is and will continue to be a complex opportunity. Private and Public sector need trusted advisory partners in order to tap into this opportunity. Primus Partners is your go-to trusted Advisory for both public and private sector organizations involved intricately with nation building, and the creation and growth of robust corporations as engines of progress.

Our core strength comes from our founding partners, who are goal-oriented, with extensive hands-on experience and subject-matter expertise, which is well recognized in the industry. Our core founders form a diverse cohort of leaders from both genders with experience across industries (Public Sector, Healthcare, Transport, Education, etc), and with varied specialization (engineers, lawyers, tax professionals, management, etc).

Primus Partners brings experience of working in more than 30 countries with private and public sector, including working with Government of India, building and leading large consulting teams at the leadership level, and creating one of the largest public sector consulting practice in India. They also represent 200 person years of experience in leading global and Indian consulting firms and the public sector.

The founding team is supported by a distinguished advisory board that includes experts with leadership experience across Government, large corporate and notable civil society organizations.



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